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SUBJECT: DUTCH PRESIDENCY AMBITIONS FOR COMPETITIVENESS
COUNCIL

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Summary

1. Dutch Economic Ministry officials staffing the Competitiveness Council hope to use the Dutch term in the chair of the Council to make serious progress towards reinvigorating the European economy. They acknowledge that past meetings of the Council -- derided by their own minister in June as a "dead horse in the path of progress" -- have been dominated by secondary issues and have therefore failed to engage ministerial-level attention from key EU countries. The November Council agenda will reflect the Dutch hope to rectify that problem with a thorough discussion of the Wim Kok report on the EU's Lisbon agenda as well as concrete progress on three efforts to improve the regulatory environment -- business impact assessments for new regulations, an effort to simplify the existing body of EU rules, and an improved methodology for assessing the administrative burden of EU regulations. The Dutch have been working with both the Irish and with staff from subsequent EU presidencies to improve the effectiveness of the Council in contributing to improved European economic growth. End summary

2. Emboffs met with Remco Zeeuw, Unit Manager of the European Integration and Strategy Department of the Ministry of Economic Affairs, and Sander Kes, Senior Policy Advisor in the same office, on October 5 to discuss the Competitiveness Council and Minister of Economic Affairs Brinkhorst's ambitions for it. Zeeuw and Kes are the officials at the Ministry who prepare the dossier for the Council meetings and accompany the Minister to them.

Key role of the Council for Dutch presidency priorities

3. Success at the Council is key for several top priorities for the Dutch presidency. Laying the basis for the March 2005 mid-term review of the Lisbon Agenda (five years into the ten year program) is one. The Dutch, along with a number of other observers we have talked to, believe that the economic structural reforms necessary for achieving the Lisbon Agenda goals (centrally, Europe becoming the most productive economy by 2010) have not been implemented. Zeeuw, perhaps over-stating a bit, said everybody agrees on what needs to be done, but impediments at the national level prevent progress. Most of the reforms identified have not been in the power of the EU to undertake. The Dutch will seek both to identify more that the EU can, in fact, do itself, and to find a way for the process to encourage more national action. A preliminary discussion with Wim Kok, who is chairing a report from a high-level committee as part of the preparation for the mid-term review, was held at the September 24 Council, and his final report will be delivered to the November European Council.

4. Also important for Council action are three efforts to deregulate the European economy. The Competitiveness Council has been trying to assert its authority through use of assessments of the impact on European business competitiveness of regulatory proposals from other Councils (this has been most prominent in the review process of the Environment Council's REACH chemical regulation proposal). The Irish and Dutch have cooperated in a year-long program to simplify existing EU regulations, where member states have come up with a list of 300 suggestions now being winnowed down to a do-able twenty or thirty. Finally, the Dutch push is to introduce an agreed methodology to measure the administrative burden of regulations, existing or proposed.

5. Put more broadly, though, the Dutch believe that the central European economic problem (slow growth) will find its solution mainly in the areas that are the principal responsibility of the Competitiveness Council, not in Ecofin, the Eurogroup or the European Central Bank (though, of course, there is overlap especially with Ecofin).

Dutch view: the Council was not operating well

16. Dutch Economics Minister Jan Laurens Brinkhorst has not hidden his low opinion of how well the Competitiveness Council has operated: at a Conference Board-organized Productivity, Innovation and Value Creation conference in Amsterdam early in the Dutch presidency, he said the Council was a &dead horse in the path of progress.8 He has repeated such criticisms) in slightly different terms) on other occasions. Zeeuw and Kees said that other Ministers agreed, and that this was visible through their failure to attend Council meetings consistently. Meetings were boring and concerned with unimportant things (Zeeuw used the proposed regulation on sales promotions) currently on the Council agendas) as an example).

17. The Dutch have tried to upgrade the content of the agendas, limit discussion items that actually need ministerial attention, and refer less important issues to junior minister or civil servant levels, in order to give the Council meetings the status they should have. They regard regular attendance by certain key industry/economic affairs ministers (UK, France, Germany, Poland were mentioned) as a measure of their success. Brinkhorst has organized informal dinners preceding the Council meetings in order to &improve the atmosphere8 and give an &esprit de corps.8

18. The campaign to upgrade the Council is a long-term project, consciously undertaken in cooperation with the preceding Irish presidency and the succeeding Luxembourg and UK presidencies. Zeeuw said he has even talked with his counterparts in Austria and Finland, future presidencies, about it. All of these countries share the same view as the Dutch, he said, and seek to &create coherence8 in the way the Council addresses Europe,s central economic problems. (&Coherence8, he noted in an aside, was not the Greek or Italian emphasis for the Council.)

Comment

19. A more effective Competitiveness Council, focusing on more competition for European business (especially needed, said our interlocutors, to improve European service industries, who ignore innovation potential because they are not pressed by competition), less burdensome regulation, and greater transparency and input from business, would be of obvious benefit to US objectives. Many US problems with market access in Europe derive from an inward-looking Commission, immune to concerns about costs. Ministers on the Council, and the officials staffing the working parties supporting the Council, should frequently be receptive audiences for communicating US concerns.
SOBEL